



STATE OF CONNECTICUT NEWS RELEASE

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OFFICE OF CONSUMER COUNSEL APPLAUDS DPUC'S FINAL DECISION IN PEAKING GENERATION DOCKET

(June 25, 2008-New Britain) - The State of Connecticut Office of Consumer Counsel (OCC) is pleased with today's decision made by the Department of Public Utility Control (DPUC) in Docket No. 08-01-01, *DPUC Review of Peaking Generation Projects*.

In its decision, the DPUC approved some 678 megawatts (MW) of new peaking generation units, located in Bridgeport, Milford and New Haven. The new plants will provide reliable power when Connecticut citizens need it the most, including on the hottest days in the summer and on other occasions when the system load is high or the system is short of other resources.

The three approved peaking plants will be paid for by regulated prices according to their costs of service, and not based on what the ISO New England markets provide. This benefits the ratepayers by providing a hedge against unreasonable market outcomes, while also ensuring the plant owner of a stable income stream for financing. The new peaking plants should thus be a "win-win" for both the ratepayers and the project developers.

The chosen portfolio, which the OCC supported during the Department proceedings, offers a number of advantages. The size of the portfolio, 678 MW, is significant, and will maximize the market price effects of adding supply. There is also diversity of ownership, with the Bridgeport plant to be operated by Bridgeport Energy II, the Milford plant to be operated by GenConn (a joint venture of UI and NRG), and the New Haven plant to be operated by PSEG. All of the plants will be located near load centers.

This peaking docket arose from section 50 of Public Act 07-242, which was passed by the General Assembly in 2007. In section 51 of this legislation, utilities are charged with developing an annual Integrated Resource Plan (IRP), which is a comprehensive plan for the procurement of energy resources. It is the hope of the OCC that the IRP may develop into a useful and meaningful blueprint for power development and energy procurement.

In keeping the best interest of Connecticut's utility ratepayers in mind, the OCC believes that this decision will lead to the stabilization and eventual reduction of ratepayer costs. Consumer

Counsel Mary Healey said, “Connecticut’s return to a state-regulated, cost-of-service approach for part of the power generation fleet is a welcome step for ratepayers. This returns some state control over power prices, plant development and reliability of service. The new peaking power plants will likely help reduce prices in the ISO New England markets by adding needed supply at regulated prices.”

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The Office of Consumer Counsel (OCC) is the State of Connecticut’s advocate for all utility ratepayers. OCC seeks to ensure just and reasonable rates and reliable utility service for customers of Connecticut’s electric, gas, telephone, and water utilities and reasonable protection for cable television customers. For more information, visit www.ct.gov/occ.